

AMENDED IN SENATE AUGUST 21, 2012

AMENDED IN ASSEMBLY MAY 25, 2012

AMENDED IN ASSEMBLY APRIL 17, 2012

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL

No. 1456

Introduced by Assembly Member Hill

January 9, 2012

An act to add Section ~~960~~ 970 to the Public Utilities Code, relating to gas corporations.

LEGISLATIVE COUNSEL'S DIGEST

AB 1456, as amended, Hill. Gas corporations: safety performance ~~standards~~; *metrics*: rate incentive program.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including gas corporations, as defined. Existing law authorizes the commission to fix the rates and charges for every public utility, and requires that those rates and charges be just and reasonable. Existing law, the Natural Gas Pipeline Safety Act of 2011, among other things, prohibits a gas corporation from recovering any fine or penalty in any rate approved by the commission.

This bill would require the commission to perform an analysis of benchmark data and adopt safety performance ~~standards~~ *metrics* for pipeline safety ~~and reliability that consider specified principles~~. The bill would require the commission to evaluate a gas corporation's safety performance ~~based on using those standards metrics~~ and would authorize the commission to implement a rate incentive program that could contain penalties based on safety performance.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. The Legislature finds and declares all of the
2 following:

3 (a) On September 9, 2010, a 30-inch natural gas transmission
4 pipeline ruptured in San Bruno, California, killing eight people,
5 hospitalizing more than 50 people, and destroying 38 homes.

6 (b) On September 23, 2010, the Public Utilities Commission
7 created an independent review panel of experts to investigate both
8 the practices of the pipeline operator and of the commission to
9 ensure that such an accident would not be repeated elsewhere in
10 the state.

11 (c) On June 9, 2011, the panel presented its findings and found
12 that the financial focus of the pipeline operator's management had
13 been detrimental to system safety.

14 (d) The panel suggested that, upon thorough analysis of
15 benchmark data, rate incentives and penalties be applied to gas
16 corporations based on the achievement of specified levels of
17 performance.

18 SEC. 2. Section ~~960~~ 970 is added to the Public Utilities Code,
19 to read:

20 ~~960.~~

21 970. (a) The commission shall perform an analysis of
22 benchmark data and adopt safety performance ~~standards~~ metrics
23 for pipeline safety ~~and reliability~~.

24 (b) *The commission shall consider the following principles when*
25 *adopting safety performance metrics:*

26 (1) *Each safety performance metric shall be designed to be an*
27 *indicator of safety performance.*

28 (2) *Each safety performance metric shall be designed so that it*
29 *may be reevaluated within a useful timeframe.*

30 (3) *Each safety performance metric shall be designed so that*
31 *the data inputs to the metric are verifiable.*

32 (4) *The adopted set of safety performance metrics shall be robust*
33 *enough to serve as a useful indicator of pipeline safety.*

34 ~~(b)~~

1 (c) The commission shall evaluate a gas corporation's safety
2 performance ~~based on~~ *using* the safety performance ~~standards~~
3 *metrics* adopted pursuant to subdivision (a) and may implement a
4 rate incentive program. The rate incentive program may contain
5 penalties based on safety performance.

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